

**MADISON PORT COMMISSION**  
**Tallulah, Louisiana**

**Annual Financial Statements**  
**With Independent Auditor's Report**  
**As of and for the Year Ended**  
**December 31, 2007**  
**With Supplemental Information Schedules**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 5/14/08

MADISON PORT COMMISSION  
Tallulah, Louisiana

Annual Financial Statements  
With Independent Auditor's Report  
As of and for the Year Ended December 31, 2007  
With Supplemental Information Schedules

C O N T E N T S

	<u>Page No.</u>
<b>Independent Auditor's Report</b>	3
<b>Required Supplemental Information (Part I)</b>	
Management's Discussion and Analysis	6
<b>Basic Financial Statements</b>	
	<u>Statement</u> <u>Page No.</u>
Government-Wide Financial Statements:	
Statement of Net Assets	A      10
Statement of Activities	B      11
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	C      12
Reconciliation of the Governmental Funds Balance Sheet to The Financial Statement of Net Assets	13
Statement of Revenues, Expenditures, and Changes in Fund Balances	D      14
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, And Changes in Fund Balances to the Statement of Activities	15
Notes to the Financial Statements	16

MADISON PORT COMMISSION  
Tallulah, Louisiana  
Contents, December 31, 2007

C O N T E N T S (CONTD.)

	<u>Schedule</u>	<u>Page No.</u>
<b>Required Supplemental Information (Part II):</b>		
Budget Comparison Schedule	1	27
Note to Budgetary Comparison Schedule		28
<b>Reports Required by Government Auditing Standards (Part IV)</b>		
<b>Independent Auditor's Report Required by <i>Government Auditing Standards</i> (Part IV):</b>		
Report on Compliance and Internal Control over Financial Reporting and on Compliance and Other Matters		31
Schedule of Audit Findings	2	33
Summary Schedule of Prior Audit Findings	3	34

**MARY JO FINLEY, CPA, INC.**

*A PROFESSIONAL CORPORATION*

116 Professional Drive - West Monroe, LA 71291

Phone (318) 329-8880 - Fax (318) 329-8883

**Independent Auditor's Report**

**MADISON PORT COMMISSION**

Tallulah, Louisiana

I have audited the basic financial statements of the Madison Port Commission as of December 31, 2007, and for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the Madison Port Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

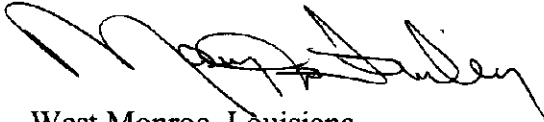
In my opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Madison Port Commission as of December 31, 2007, and the changes in its financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

Management's discussion and analysis, and supplementary information on pages 6 through 8 and 27 through 28, respectively are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information and reviewing the source of selected information. However, I did not audit the information and express no opinion on it.

My audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements of the Madison Port Commission. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

MADISON PORT COMMISSION  
Tallulah, Louisiana  
Independent Auditor's Report,  
December 31, 2007

In accordance with *Government Auditing Standards*, I have also issued a report dated April 28, 2008, on the Madison Port Commission's compliance with laws and regulations, and my consideration of the agency's internal control over financial reporting. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

A handwritten signature in black ink, appearing to read "M. J. [unclear]", is written over the text of the second report.

West Monroe, Louisiana  
April 28, 2008

**REQUIRED SUPPLEMENTARY INFORMATION**  
**PART I**

MADISON PORT COMMISSION  
Tallulah, Louisiana

**Management's Discussion and Analysis**  
December 31, 2007

As management of the Madison Port Commission, we offer readers of the Madison Port Commission's financial statements this narrative overview and analysis of the financial activities of the Madison Port Commission for the year ended December 31, 2007. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements.

**Overview of the Financial Statements**

This Management Discussion and Analysis document introduces the Port commission's basic financial statements. The annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (Government-wide Financial Statements) provide information about the financial activities as a whole and illustrate a longer-term view of the Madison Port Commission's finances. The Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund (Fund Financial Statements) tell how these services were financed in the short term as well as what remains for future spending. Fund Financial Statements also report the operations in more detail than the Government-Wide Financial Statements by providing information about the most significant funds. This report also contains other supplementary information in addition to the basic financial statements themselves.

Our auditor has provided assurance in her independent auditor's report that the Basic Financial Statements are fairly stated. The auditor, regarding the Required Supplemental Information and the Supplemental Information is providing varying degrees of assurance. A user of this report should read the independent auditor's report carefully to ascertain the level of assurance being provided for each of the other parts in the Financial Section.

The Madison Port Commission adopts an annual appropriated budget for the general fund. A budgetary comparison statement is provided for the major fund to demonstrate compliance with this budget.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Madison Port Commission's performance.

## Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, assets of the Madison Port Commission exceeded liabilities by \$7,143,732. Approximately 85% of the Madison Port Commission's net assets reflects its investment in capital assets (e.g., equipment), less any related debt used to acquire those assets that is still outstanding. These assets are not available for future spending.

The balance in unrestricted net assets is affected by two factors: 1) resources expended, over time, by the Madison Port Commission to acquire capital assets from sources other than internally generated funds (i.e., debt), and 2) required depreciation on assets being included in the statement of net assets.

### STATEMENT OF NET ASSETS

	2007	2006
<b>ASSETS</b>		
Cash and cash equivalents	\$931,077	\$857,603
Receivables	153,712	160,310
Capital assets (not depreciated)	3,972,177	3,972,177
Capital assets (net of accumulated depreciation)	<u>2,185,996</u>	<u>2,318,015</u>
<b>TOTAL ASSETS</b>	<u><u>\$7,242,962</u></u>	<u><u>\$7,308,105</u></u>
<b>LIABILITIES</b>		
Accounts payable	\$4,675	\$5,762
Payroll deducts payable	3,635	3,330
Payroll payable	2,811	2,286
Interest payable	5,884	11,428
Long-term liabilities:		
Due within one year	82,225	75,890
Due in more than one year		<u>82,192</u>
<b>TOTAL LIABILITIES</b>	<u>99,230</u>	<u>180,888</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	6,075,948	6,132,110
Unrestricted	<u>1,067,784</u>	<u>995,107</u>
<b>TOTAL NET ASSETS</b>	<u><u>\$7,143,732</u></u>	<u><u>\$7,127,217</u></u>

### STATEMENT OF ACTIVITIES

	2007	2006
<b>Taxation:</b>		
Personal services	\$168,449	\$156,940
Operating services	106,041	95,633
Materials and supplies	4,345	4,209
Intergovernmental	4,014	4,090
Depreciation expense	<u>132,019</u>	<u>132,019</u>
Total Program Expenses	414,868	392,891
Program revenues - Leases	<u>243,786</u>	<u>226,360</u>
Net Program Expenses	(171,082)	(166,531)
<b>General revenues:</b>		
Taxes - ad valorem	126,759	126,958
Intergovernmental:		
In Lieu of Taxes	7,997	5,307



State revenue sharing	\$11,504	\$10,889
Interest earned	40,581	37,831
Other	756	3,343
Total General Revenues	<u>187,597</u>	<u>184,328</u>
Change in Net Assets	16,515	17,797
Net Assets - Beginning of year	<u>7,127,217</u>	<u>7,109,420</u>
Net Assets - End of year	<u>\$7,143,732</u>	<u>\$7,127,217</u>

## **Financial Analysis of the Government's Funds**

As noted earlier, the Madison Port Commission uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 31, 2007, the General Fund unreserved, undesignated fund balance of \$1,060,600 showed an increase of \$66,637 over December 31, 2006. As of December 31, 2007, the Construction Fund unreserved, undesignated fund balance of \$13,068 showed an increase of \$496 over December 31, 2006.

## **General Fund Budgetary Highlights**

The major difference between expenditures in the original budget and the final budget were due to the increase in operating services.

## **Capital Asset and Debt Administration**

**Capital assets.** The Madison Port Commission's investment in capital assets for its governmental activities as of December 31, 2007, amounts to \$6,158,173 (net of accumulated depreciation). This investment includes land, buildings, improvements, furniture and equipment, and construction in progress. There were no increases or decreases in capital assets for the year ended December 31, 2007.

**Long-term debt.** At the end of the fiscal year, Madison Port Commission had \$82,225 debt outstanding, which consisted of a bank note. During 2007, approximately \$75,857 was paid on this debt.

## **Requests for Information**

This financial report is designed to provide a general overview of the Madison Port Commission's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Madison Port Commission, P.O. Box 591, Tallulah, LA 71282.

April 28, 2008

## **BASIC FINANCIAL STATEMENTS**

**Statement A****MADISON PORT COMMISSION  
Tallulah, Louisiana****STATEMENT OF NET ASSETS  
December 31, 2007****ASSETS**

Cash and cash equivalents	\$931,077
Receivables	153,712
Capital assets (not depreciated)	3,972,177
Capital assets (net of accumulated depreciation)	<u>2,185,996</u>
<b>TOTAL ASSETS</b>	<b><u>\$7,242,962</u></b>

**LIABILITIES**

Accounts payable	\$4,675
Payroll deducts payable	3,635
Payroll payable	2,811
Interest payable	5,884
Long-term liabilities:	
Due within one year	<u>82,225</u>
<b>TOTAL LIABILITIES</b>	<b><u>99,230</u></b>

**NET ASSETS**

Invested in capital assets, net of related debt	6,075,948
Unrestricted	<u>1,067,784</u>
<b>TOTAL NET ASSETS</b>	<b><u>\$7,143,732</u></b>

The accompanying notes are an integral part of this statement.

**Statement B****MADISON PORT COMMISSION  
Tallulah, Louisiana****STATEMENT OF ACTIVITIES  
December 31, 2007**

Transportation:	
Personal services	\$168,449
Operating services	106,041
Materials and supplies	4,345
Intergovernmental	4,014
Depreciation expense	<u>132,019</u>
Total Program Expenses	<u>414,868</u>
Program revenues:	
Leases	<u>243,786</u>
Net Program Expenses	<u>(171,082)</u>
General revenues	
Taxes - ad valorem	126,759
Intergovernmental:	
Federal in lieu	7,997
State revenue sharing	11,504
Interest earned	40,581
Other revenue	<u>756</u>
Total general revenues	187,597
Change in Net Assets	16,515
Net Assets - Beginning of year	<u>7,127,217</u>
Net Assets - End of year	<u><u>\$7,143,732</u></u>

The accompanying notes are an integral part of this statement.

**Statement C**

**MADISON PORT COMMISSION  
Tallulah, Louisiana  
GOVERNMENTAL FUNDS**

Balance Sheet, December 31, 2007

	MAJOR FUND GENERAL FUND	NON MAJOR FUND CONSTRUCTION FUND	TOTAL
<b>ASSETS</b>			
Cash and cash equivalents	\$918,009	\$13,068	\$931,077
Receivables	153,712		153,712
<b>TOTAL ASSETS</b>	<u><u>\$1,071,721</u></u>	<u><u>\$13,068</u></u>	<u><u>\$1,084,789</u></u>
<b>LIABILITIES AND FUND EQUITY</b>			
Liabilities:			
Accounts payable	\$4,675		\$4,675
Payroll deducts payable	3,635		3,635
Payroll payable	2,811		2,811
<b>TOTAL LIABILITIES</b>	11,121	NONE	11,121
Fund Equity - fund balances - unreserved - undesignated	<u>1,060,600</u>	<u>\$13,068</u>	<u>1,073,668</u>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<u><u>\$1,071,721</u></u>	<u><u>\$13,068</u></u>	<u><u>\$1,084,789</u></u>

The accompanying notes are an integral part of this statement.

MADISON PORT COMMISSION  
Tallulah, Louisiana

Reconciliation of Governmental Funds  
Balance Sheet to the Statement of Net Assets

For the Year Ended December 31, 2007

Total Fund Balances - Governmental Funds (Statement C)		<u>\$1,073,668</u>
Cost of capital assets	\$9,731,907	
Less: Accumulated depreciation	<u>(3,573,734)</u>	<u>6,158,173</u>
Long term liabilities - bank note payable		(82,225)
Accrued interest payable		<u>(5,884)</u>
Net Assets (Statement A)		<u><u>\$7,143,732</u></u>

The accompanying notes are an integral part of this statement.

**Statement D**

**MADISON PORT COMMISSION**  
Tallulah, Louisiana  
**GOVERNMENTAL FUNDS**

**Statement of Revenues, Expenditures,  
and Changes in Fund Balances**

For the Year Ended December 31, 2007

	<u>GENERAL FUND</u>	<u>CONSTRUCTION FUND</u>	<u>TOTAL</u>
<b>REVENUES</b>			
Taxes - ad valorem	\$126,759		\$126,759
Intergovernmental revenues:			
Federal in lieu	7,997		7,997
State revenue sharing	11,504		11,504
Use of money and property:			
Leases	243,786		243,786
Interest earned	40,085	\$496	40,581
Other revenue	756		756
Total revenues	<u>430,887</u>	<u>496</u>	<u>431,383</u>
<b>EXPENDITURES</b>			
Transportation:			
Current:			
Personal services	168,449		168,449
Operating services	98,492		98,492
Materials and supplies	4,345		4,345
Debt service	88,950		88,950
Intergovernmental	4,014		4,014
Total expenditures	<u>364,250</u>	<u>NONE</u>	<u>364,250</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	66,637	496	67,133
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<u>993,963</u>	<u>12,572</u>	<u>1,006,535</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u><u>\$1,060,600</u></u>	<u><u>\$13,068</u></u>	<u><u>\$1,073,668</u></u>

The accompanying notes are an integral part of this statement.

MADISON PORT COMMISSION  
Tallulah, Louisiana

Reconciliation of Governmental Funds  
Statement of Revenue, Expenditures, and Changes  
in Fund Balances to the Statement of Activities

For the Year Ended December 31, 2007

Total net change in fund balances - governmental funds (Statement D)	\$67,133
Amounts reported for governmental activities in the Statement of Activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation for the period.	(132,019)
Repayment of bank note principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.	75,857
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	<u>5,544</u>
Change in net assets of governmental activities (Statement B)	<u><u>\$16,515</u></u>

The accompanying notes are an integral part of this statement.



**MADISON PORT COMMISSION**  
Tallulah, Louisiana

Notes to the Financial Statements  
As of and For the Year Ended December 31, 2007

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Madison Parish Port Commission was created by Act 369 of the 1966 Session of the Louisiana Legislature as the governing authority of the Madison Parish Port, Harbor, and Terminal District. The board of commissioners consist of seven members who serve four-year staggered terms; six appointed by the Madison Parish Police Jury, and one elected by the six appointed members. Commissioners serve without compensation.

The accompanying financial statements of the Madison Port Commission have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments.

**A. REPORTING ENTITY**

As the governing authority of the parish, for reporting purposes, the Madison Parish Police Jury is the financial reporting entity for Madison Parish. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Madison Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial responsibility. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and:
  - a. The ability of the police jury to impose its will on that organization and/or

## MADISON PORT COMMISSION

Tallulah, Louisiana

### Notes to the Financial Statements (Continued)

- b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the police jury appoints the port commission's governing body, the port commission was determined to be a component unit of the Madison Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds of the port commission and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

#### **B. BASIC FINANCIAL STATEMENTS- GOVERNMENT-WIDE STATEMENTS**

The port commission's basic financial statements include both government-wide (reporting the port commission as a whole) and fund financial statements (reporting the port commission's major fund). Both government-wide and fund financial statements categorize primary activities as either governmental or business type. All activities of the port commission are classified as governmental.

The Statement of Net Assets (Statement A) and the Statement of Activities (Statement B) display information about the reporting government as a whole. These statements include all the financial activities of the port commission.

In the Statement of Net Assets, governmental activities are presented on a consolidated basis and are presented on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term obligations. Net assets are reported in three parts; invested in capital assets, net of any related debt; restricted net assets; and unrestricted net assets. The port commission first uses restricted resources to finance qualifying activities.

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized

## MADISON PORT COMMISSION

Tallulah, Louisiana

### Notes to the Financial Statements (Continued)

when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

**Program Revenues** - Program revenues included in the Statement of Activities (Statement B) are derived directly from parties outside the port commission's taxpayers or citizenry. Program revenues reduce the cost of the function to be financed from the port commission's general revenues.

**Allocation of Indirect Expenses** - The port commission reports all direct expenses by function in the Statement of Activities (Statement B). Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions but are reported separately in the Statement of Activities. Depreciation expense, which can be specifically identified by function, is included in the direct expenses of each function. Depreciation on buildings is assigned to the "general administration" function due to the fact that buildings serve multiple purposes. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

## C. BASIC FINANCIAL STATEMENTS - FUND FINANCIAL STATEMENTS

The financial transactions of the port commission are reported in individual funds in the fund financial statements. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

Fund financial statements report detailed information about the port commission. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

A fund is a separate accounting entity with a self-balancing set of accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities (general fixed assets and general long-term debt) that are not recorded in the "funds" because they do not directly affect net expendable available financial resources. They are concerned only with the measurement of financial position, not with the measurement of results of operations.

Funds are classified into three categories; governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types". Governmental funds are used to account for a government's general activities, where the focus of attention is on the providing

## MADISON PORT COMMISSION

Tallulah, Louisiana

### Notes to the Financial Statements (Continued)

of services to the public as opposed to proprietary funds where the focus of attention is on recovering the cost of providing services to the public or other agencies through service charges or user fees. Fiduciary funds are used to account for assets held for others. The port commission's current operations require only the use of governmental funds (General Fund). Revenues of the General Fund include ad valorem taxes, state revenue sharing, fees, fines and forfeitures, and interest earnings. General operating expenditures are paid from this fund.

#### **D. BASIS OF ACCOUNTING**

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurement made regardless of the measurement focus applied.

##### **1. Accrual:**

Both governmental and business type activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

##### **2. Modified Accrual:**

The governmental funds financial statements are presented on the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Governmental funds and the fiduciary type agency funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The port commission considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and

## **MADISON PORT COMMISSION**

Tallulah, Louisiana

### **Notes to the Financial Statements (Continued)**

judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

#### **Revenues**

Ad valorem taxes and the related state revenue sharing (which is based on population and homesteads in the parish) are recorded in the year the taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis, attach as an enforceable lien, and become due and payable on the date the tax rolls are filed with the recorder of mortgages. Louisiana Revised Statute 47:1993 requires that the tax roll be filed on or before November 15 of each year. Ad valorem taxes become delinquent if not paid by December 31. The taxes are normally collected in December of the current year and January and February of the ensuing year.

Fees, fines, and forfeitures are recorded when the port commission is entitled to the funds.

Interest income on time deposits is recorded when the time deposits have matured and the interest is available.

Interest income on demand deposits is recorded monthly when the interest is earned and credited to the account.

Based on the above criteria, ad valorem taxes, state revenue sharing, and fees, fines, and forfeitures have been treated as susceptible to accrual.

#### **Expenditures**

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred, except for principal and interest on general long-term debt, which is recognized when due.

### **E. CASH AND CASH EQUIVALENTS**

Under state law, the port commission may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2007, the port commission has cash and cash equivalents (book balances) totaling \$931,077.

**MADISON PORT COMMISSION**

Tallulah, Louisiana

**Notes to the Financial Statements (Continued)**

Demand deposits	\$310,468
Time deposits	<u>620,609</u>
Total	<u>\$931,077</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Cash and cash equivalents (bank balances) at December 31, 2007, are secured as follows:

Bank balances	<u>\$932,373</u>
Federal deposit insurance	\$200,000
Pledged securities (uncollateralized)	<u>882,325</u>
Total	<u>\$1,082,325</u>

Because the pledged securities are held by a custodial bank in the name of the fiscal agent bank rather than in the name of the port commission, they are considered uncollateralized (Category 3) under the provisions of GASB Codification C20.106. However, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the port commission that the fiscal agent bank has failed to pay deposited funds upon demand. Further, LRS 39:1224 states that securities held by a third party shall be deemed to be held in the port commission's name.

**F. CAPITAL ASSETS**

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation.

Capital assets are reported in the government-wide financial statements but not in the fund financial statements. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes by the port commission, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

MADISON PORT COMMISSION  
Tallulah, Louisiana  
Notes to the Financial Statements (Continued)

<u>Description</u>	<u>Estimated Lives</u>
Buildings and building improvements	20 - 40 years
Furniture and fixtures	5 - 10 years
Vehicles	5 - 15 years
Equipment	5 - 20 years

#### **G. ANNUAL AND SICK LEAVE**

Employees of the port commission earn ten days of vacation and five days of sick leave per year. Vacation leave must be taken in the year earned and cannot be carried forward. Upon retirement, employees are paid for accumulated sick leave.

At December 31, 2007, the maximum amount of accumulated and vested employee leave benefits is not material and is not reflected in the financial statements. The cost of leave privileges is recognized as a current year expenditure when leave is actually taken or when employees are paid for accrued leave upon separation.

#### **H. RISK MANAGEMENT**

The port commission is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; and injuries to employees. To handle such risk of loss, the port commission maintains a commercial insurance policy covering property, general liability, employee fidelity, and workmen's compensation. No claims were paid on any of the policies during the past three years which exceeded the policies' coverage amounts. There were no significant reductions in insurance coverage during the year ended December 31, 2007.

## **2. LEVIED TAXES**

The ad valorem tax millage levied by the port commission was 2.81 mills for the year ended December 31, 2007. The authorized millage for the year ended December 31, 2007, was 3.0 mills. The difference between authorized and levied millages is the result of reassessments of taxable property within the parish as required by Article 7, Section 18 of the Louisiana Constitution of 1974. The following are the principal taxpayers for the parish and their 2007 assessed valuation (amounts expressed in thousands):

	<u>2007</u>	<u>Percent of Total</u>
Ingram Barge Company	\$3,548	7.74%
Entergy Louisiana, Inc.	3,003	6.55%

**MADISON PORT COMMISSION**

Tallulah, Louisiana

**Notes to the Financial Statements (Continued)**

	<u>2007</u>	<u>Percent of Total</u>
American Commercial Barge Line	\$2,397	5.23%
American River Transmission	2,118	4.62%
FBA, LLC	1,096	2.39%
Gulf South Pipeline Co. LP	1,093	2.38%
Columbia Gulf Transmission Company	1,075	2.34%
Bellsouth Telecommunications	916	2.00%
Kansas City Southern	890	1.94%
Capital One	729	1.59%
Total	<u>\$16,865</u>	<u>36.78%</u>

**3. RECEIVABLES**

The General Fund receivables of \$153,712 at December 31, 2007, are as follows:

Class of receivables:

Taxes - ad valorem	\$127,208
Intergovernmental revenues - State revenue sharing (net)	11,504
Leases	<u>15,000</u>
Total	<u>\$153,712</u>

**4. CHANGES IN CAPITAL ASSETS**

A summary of changes in capital assets for the year ended December 31, 2007, follows:

	<u>Balance at January 1,</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at December 31,</u>
Land	\$3,921,437			\$3,921,437
Construction in progress	50,740			50,740
Buildings	4,113,521			4,113,521
Improvements	1,458,989			1,458,989
Heavy equipment	130,362			130,362
Office equipment	30,462			30,462
Vehicles	26,396			26,396
Total	<u>9,731,907</u>	<u>NONE</u>	<u>NONE</u>	<u>9,731,907</u>
Less accumulated depreciation	<u>(3,441,715)</u>	<u>(\$132,019)</u>	<u>NONE</u>	<u>(3,573,734)</u>
Net capital assets	<u>\$6,290,192</u>	<u>(\$132,019)</u>	<u>NONE</u>	<u>\$6,158,173</u>



## MADISON PORT COMMISSION

Tallulah, Louisiana

### Notes to the Financial Statements (Continued)

#### 5. PENSION PLAN

Substantially all employees of the port commission are members of the Louisiana State Employees Retirement System (LSERS), a multiple-employer, defined benefit pension plan. Generally, all full-time employees are eligible to participate in the system, with employee benefits vesting after 10 years of service.

All full-time employees who are under the age of 60 at the time of original employment and are not drawing retirement benefits from any other public retirement system in Louisiana are required to participate in the system. Employees who retire at or after age 55 with at least 25 years of credited service or with at least 30 years of credited service are entitled to a retirement benefit, payable monthly for life, equal to 3 per cent of their final-average salary for each year of credited service, not to exceed 100 per cent of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 and receive the benefit accrued to their date of termination. The system also provides death and disability benefits. Benefits are established by state statute.

The system issues an annual publicly available report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the Louisiana State Employee's Retirement System, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809, or by calling (504) 922-0600.

Plan members are required by state statute to contribute 7.50 per cent of their annual covered salary and the Madison Parish Port Commission is required to contribute at an actuarially determined rate. The current rate is 20.4 per cent of annual covered payroll. The contribution requirements of plan members and the Madison Parish Port Commission are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Madison Parish Port Commission's contributions to the system for the years ending December 31, 2007, 2006, and 2005, were \$15,981, \$14,186, and \$14,192, respectively, equal to the required contributions for each year.

#### 6. CHANGES IN GENERAL LONG-TERM OBLIGATIONS

The following is a summary of long-term debt transactions for the year ended December 31, 2007:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Long-term obligations at January 1, 2007	\$158,082	\$19,818	\$177,900
Additions	NONE	NONE	NONE
Deletions	<u>(75,857)</u>	<u>(13,093)</u>	<u>(88,950)</u>
Long-term obligations at December 31, 2007	<u>\$82,225</u>	<u>\$6,725</u>	<u>\$88,950</u>

Long-term debt payable is comprised of a bank loan used to purchase land and building.

**MADISON PORT COMMISSION**

Tallulah, Louisiana

Notes to the Financial Statements (Continued)

**7. LITIGATION AND CLAIMS**

The Madison Port Commission is not involved in any litigation at December 31, 2007, nor is it aware of any unasserted claims.

**REQUIRED SUPPLEMENTARY INFORMATION**

**PART II**

MADISON PORT COMMISSION  
Tallulah, Louisiana

**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
For the Year Ended December 31, 2007

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE FAVORABLE (UNFAVORABLE)
<b>REVENUES</b>				
Taxes - ad valorem	\$115,000	\$115,000	\$126,759	\$11,759
Intergovernmental revenues:				
Federal in lieu	5,000	5,000	7,997	2,997
State revenue sharing	10,000	10,000	11,504	1,504
Use of money and property:				
Leases	215,000	215,000	243,786	28,786
Interest earnings	20,000	20,000	40,085	20,085
Other revenues	1,500	1,500	756	(744)
Total revenues	<u>366,500</u>	<u>366,500</u>	<u>430,887</u>	<u>64,387</u>
<b>EXPENDITURES</b>				
Culture and recreation:				
Current				
Personal services and related benefits	171,500	171,500	168,449	3,051
Operating services	69,500	99,500	98,492	1,008
Materials and supplies	5,000	5,000	4,345	655
Travel and other charges	500	500		500
Debt service	88,950	88,950	88,950	
Intergovernmental			4,014	
Capital outlay	10,000	10,000		10,000
Total expenditures	<u>345,450</u>	<u>375,450</u>	<u>364,250</u>	<u>15,214</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	21,050	(8,950)	66,637	75,587
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>271,472</u>	<u>271,472</u>	<u>993,963</u>	<u>722,491</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$292,522</u>	<u>\$262,522</u>	<u>\$1,060,600</u>	<u>\$798,078</u>

See accompanying note to budgetary comparison schedule.

MADISON PORT COMMISSION  
Tallulah, Louisiana

NOTE TO BUDGETARY COMPARISON SCHEDULE  
For the Year Ended December 31, 2007

A proposed budget, prepared on the modified accrual basis of accounting, is published in the official journal at least ten days prior to the public hearing. A public hearing is held at the Madison Port Commission during the month of December for comments from taxpayers. The budget is then legally adopted by the board and amended during the year, as necessary. The budget is established and controlled by the board at the object level of expenditure. Appropriations lapse at year-end and must be reappropriated for the following year to be expended.

Formal budgetary integration is employed as a management control device during the year. Budgeted amounts included in the accompanying budgetary comparison schedule include the original adopted budget amounts and subsequent budget amendments.

**REPORTS REQUIRED BY  
GOVERNMENT AUDITING STANDARDS  
PART IV**

**Independent Auditor's Report Required  
by *Government Auditing Standards***

The following independent auditor's report on compliance and internal control over financial reporting is presented in compliance with the requirements of *Government Auditing Standards* issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

**MARY JO FINLEY, CPA, INC.**

*A PROFESSIONAL CORPORATION*

116 Professional Drive - West Monroe, LA 71291

Phone (318) 329-8880 - Fax (318) 329-8883

**Report on Internal Control Over Financial  
Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed  
in Accordance *Government Auditing Standards***

MADISON PORT COMMISSION  
Tallulah, Louisiana

I have audited the basic financial statements of the Madison Port Commission as of and for the year ended December 31, 2007 and have issued my report thereon dated April 28, 2008. I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing my audit, I considered Madison Port Commission's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Madison Port Commission's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Madison Port Commission's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Madison Port Commission's financial statements that is more than inconsequential will not be prevented or detected by the Madison Port Commission's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Madison Port Commission's internal control.



MADISON PORT COMMISSION

Tallulah, Louisiana

Independent Auditor's Report on Compliance

And Internal Control Over Financial Reporting, etc.

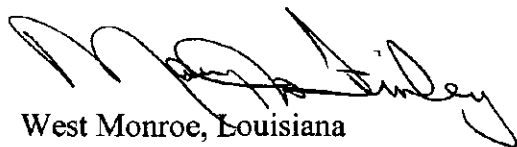
December 31, 2007

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Madison Port Commission's basic financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Madison Port Commission, management, and the Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



West Monroe, Louisiana

April 28, 2008

**MADISON PORT COMMISSION  
Tallulah, Louisiana**

**Schedule of Audit Findings  
For the Year Ended December 31, 2007**

**A. SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unqualified opinion on the general purpose financial statements of the Madison Port Commission.
2. No instances of noncompliance material to the financial statements of the Madison Port Commission was disclosed during the audit.
3. No significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control.

**B. FINDINGS - FINANCIAL STATEMENTS AUDIT**

None

**MADISON PORT COMMISSION  
Tallulah, Louisiana**

**Summary Schedule of Prior Audit Findings  
For the Year Ended December 31, 2007**

There were no findings reported in the audit report for the year ended December 31, 2006.